

June 23, 2005

Mary L. Cottrell, Secretary
MA Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 04-116, Investigation into Service Quality Guidelines

Dear Ms. Cottrell:

Enclosed please find Bay State Gas Company's ("Bay State" or "Company") response to the Massachusetts Department of Telecommunications and Energy's ("Department") information requests DTE-BSG-1-1 issued on June 9, 2005, in the above-referenced docket.

Please feel free to contact me at (508) 836-7254 should you have any questions concerning this filing.

Sincerely,

Thomas R. Birmingham
Manager, Regulatory Policy

cc: Jody M. Stiefel, Hearing Officer
Colleen McConnell, Assistant Attorney General
Service List

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
TO BAY STATE GAS COMPANY

D.T.E. 04-116

Date: June 23, 2005

Witness Responsible: Thomas R. Birmingham

DTE-BSG 1-1: Refer to the Company's response to DTE-GAS 1-4. Please provide a copy of the Service Quality Plan settlement between Northern Utilities, the Maine Office of the Public Advocate and the Maine Public Utilities Commission staff which details the service quality data measurement, collection and reporting techniques Northern Utilities is to use.

Response: Please see Attachment DTE-BSG 1-1 for the Order and the Stipulation and Service Quality Performance Plan approved on March 17, 2004 by the Maine PUC in Docket No. 2002-140.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-140

March 17, 2004

PUBLIC UTILITIES COMMISSION
Management Audit of Northern Utilities
Inc.'s Customer Service and Investigation
To Implement Service Quality Incentive
Plan

ORDER APPROVING
STIPULATION

I. SUMMARY

We approve the Stipulation filed by Northern Utilities, Inc. (Northern or the Company) and the Office of the Public Advocate (OPA) to implement a Service Quality Plan (SQP or Plan). The Plan will provide penalty incentives for Northern to maintain adequate service performance in its billing, meter reading, contact center, field operations, and overall customer service.

II. PROCEDURAL HISTORY

On May 16, 2002, we initiated a management audit of Northern's service performance and an investigation to consider whether to implement a service quality incentive mechanism for Northern. In addition, we adopted interim credit and collection line answering standards with an associated penalty pending further review of all issues in this proceeding, recognizing that the management audit would take several months and that Northern's response to customer calls required immediate attention.¹ The Hearing Examiner allowed the intervention of the Office of the Public Advocate (OPA) and the limited, discretionary intervention of Central Maine Power Company.

After a bidding process, the Commission selected and retained an independent consultant, Xenergy Inc.,² to conduct a comprehensive management audit of several of Northern's operational areas including meter reading and billing, call center operations, and field services. Over a period of approximately nine

¹ We established a temporary service quality standard for Northern's credit and collection call response based on the regulatory requirements set by the Massachusetts Department of Telecommunications and Energy (MA DTE) for Northern's affiliate, Bay State, with which it shares operational resources.

² Xenergy Inc. later merged with KEMA and was renamed KEMA-Xenergy Inc.

months, the auditors collected information from the Company,³ interviewed numerous employees and managers from various departments within Northern's organizational structure, and toured key operational facilities in Maine, New Hampshire, and Massachusetts.

KEMA-Xenergy's final Management Audit Report, filed June 11, 2003, recommended that the Commission adopt a Service Quality Incentive Plan encompassing all operational areas included in the audit and that the Plan include automatic penalties to provide necessary incentives to ensure that the Company achieves and maintains adequate service performance in all areas. The Report contained a proposed SQP with quarterly performance benchmarks and penalty amounts for each service performance area up to a maximum of \$250,000 each quarter.

The Advisory Staff issued a Bench Analysis on July 16, 2003, recommending that the Commission adopt an SQP for Northern similar to that proposed by KEMA-Xenergy, but with certain modifications. On July 24, 2003, the Hearing Examiner and parties discussed a procedural schedule for this case. On September 5, 2003, Northern filed the Direct Prefiled Testimony of Stephen H. Bryant who was then Northern's Vice President of Regulatory and Policy and is now President of Northern and its affiliate Bay State Gas Company (Bay State). Northern objected to the quarterly time frame for performance measurement, arguing against quarterly application of benchmarks derived from annual data. Northern also protested that its total exposure to penalties under the proposed SQP was much higher than for other Maine utilities for which the Commission has approved incentive programs and was therefore unreasonable.

Northern, the OPA, and Advisory Staff held numerous settlement conferences during which they developed a substantially revised SQP to be proposed for resolution of this proceeding. On February 27, 2004, Northern filed, on behalf of it and OPA, a Stipulation with four associated attachments. On March 2, 2004, Northern filed corrected pages 4-6 of Attachment Settlement - SQP-2.

III. BACKGROUND

In June 2000, we approved the merger of NiSource, Northern's and Bay State's parent corporation, with Columbia Energy Group (Columbia) with conditions designed to help ensure that Northern's customers would not experience diminished service quality. See *Northern Utilities, Inc., Request for Approval of Reorganization (Merger and Related Transactions)*, Docket No. 2000-322, Order (June 30, 2000). As a condition of our approval, Northern was required to report annually on eight service quality measures for at least five

³ We include the data requests and responses in the record of this proceeding.

years, beginning with calendar year (CY) 2000. Those measures are: 1) service appointments completed on the scheduled day; 2) PUC complaints per 1,000 residential customers; 3) lost time incidents per 100 employees; 4) one hour responses to odor calls; 5) main and service damage not the fault of third parties; 6) telephone response time for billing and service calls; 7) telephone response time for emergency calls; and 8) actual on-cycle meter reads. The service quality reporting measures are derived from those implemented for Northern's parent corporation, Bay State, by the Massachusetts Department of Telecommunications and Energy (MA DTE) as part of a performance based regulation plan. See *Bay State Gas Company*, D.T.E. Docket No. 97-97, Settlement Agreement dated August 22, 2000, Appendix III.

In approving the merger, we noted that customer service quality can suffer when utility funds are short or when management's interest in the service provided by a utility subsidiary is diluted as a result of a merger and that in other reorganizations we had implemented service standards and related penalties to ensure that service quality would be maintained. The eight service quality indicia did not carry any formal requirements or penalties for particular performance results. Northern's rates are currently set using traditional rate setting methodologies that do not impose any direct penalties for poor service quality problems, relying instead on rate of return allowances to discipline utilities. The short time frame of the NiSource/Columbia merger case did not allow development of service standards and penalties. Consequently, we left open the question of whether, at a later date, we would open an investigation

to review the adequacy of Northern's service quality, its reporting criteria, and to determine whether we should adopt any mechanisms, programs, standards, or penalties to ensure that Northern provides adequate service quality to its customers. Consistent with our general authority, in the event that Northern's service quality is inadequate, we will order an appropriate remedy, one that could include financial directives or instituting a performance based regulatory mechanism.

Docket No. 2000-322, Order at 16.

On July 3, 2001, we issued a further order indicating that, although our Director of the Consumer Assistance Division (CAD) was working with Northern to resolve recent billing issues that had arisen, we would not open a broad service quality proceeding at that time but would not hesitate to do so if there were indications that Northern's service performance warranted it. See Docket No. 2000-322, Order (July 3, 2001) at 4-5. Subsequently, we became aware of call center performance problems that could not be successfully resolved by the Director of CAD, a high level of estimated billing complaints, and merger-related

staff cuts and local facilities closures. We subsequently opened an investigation into customer complaints regarding large make-up bills issued by Northern after a long period of billing based on estimated usage. See *Maine Public Utilities Commission, Investigation of Complaints Regarding Northern Utilities, Inc.'s Billing Practices*, Docket No. 2002-101, Notice of Investigation (March 5, 2002).

Thus, our experience in the post-merger years with problems that affected customers or otherwise raised concerns about possible service quality deterioration provided the impetus for the management audit. We had become increasingly concerned, due to successive post-merger cuts in staffing levels and local facilities closures, with Northern's ability to provide adequate service in several other areas, such as its capacity to provide an adequate frequency of meter reads and to respond to large scale outages and other service emergencies.

The auditors' investigation into Northern's operations produced valuable information from its comprehensive and in-depth review of Northern's operations and management.

IV. DESCRIPTION OF STIPULATION

The Stipulation states that Northern will implement a Service Quality Plan to establish baseline performance targets and associated penalties for the following customer service areas:

1) Field Operations

- a) Service Appointments Met on the Scheduled Day & Time
- b) Response to Odor Calls

2) Meter Reading

- a) On-Cycle Meter Reads
- b) Long No Reads

3) Billing

- a) Meter reads used

4) Contact Center Performance

- a) Emergency Calls
- b) Non-Emergency Calls
- c) Abandoned Call Rate
- d) Contact Center Busy Outs

5) Overall Service

- a) Consumer Assistance Division Cases
- b) Customer Satisfaction measured by survey results

The Stipulation provides that Northern will be subject to a maximum annual penalty of \$300,000 if it fails to meet the baseline performance targets under the proposed penalty structure. Any penalties will be determined using a calculation involving the degree by which the Company under-performs a benchmark and the relative weighting of the service area. With these calculations, greater performance failures will result in greater penalties to the Company. The Company could incur the entire annual penalty amount for a drastic failure in one performance area. Attachment Settlement SQP -- 2 at Section III sets out the specific formulae for determining what the penalty will be for each performance measure.⁴ Attachment Settlement SQP -- 1 provides an example of these calculations. Penalties will be paid either as single or multiple service quality performance line-item credits on customers' bills.

Northern and the OPA agreed that the Plan will take effect on January 1, 2004; Northern agreed to begin to track its performance, report, and be subject to penalty under the Plan as of that date. The Company will make an annual filing on or before March 31st each year (beginning in 2005) to report on its performance achieved in the prior year. The Stipulation provides that Northern may seek an exemption from the Commission for failure to meet any measure it argues has been influenced by events outside its control, but Northern retains the burden to demonstrate that such occurrences did contribute to its performance failure and that an exemption is warranted.

In addition, Northern will undertake a Service Appointment Study during 2004 to measure the frequency of the practice of company-initiated calls to reschedule service appointments and what impact it may have on customers. This Study will be used by the Parties to consider whether to make any changes in the future to the Service Appointments Met on Scheduled Day and Time standard.

The Stipulation also provides that Northern will ensure that each menu level of the Company's integrated voice response (IVR) system explicitly provides the option for customers to reach a live customer service representative in a timely manner, within the first four menu options, and prior to the "All Other Questions" option.

⁴ We note that, despite its use in the Stipulation document headings, Telephone Service Factor (TSF) is not actually involved in the formula for call center emergency and non-emergency call response performance.

The Stipulation states that the SQP will replace the interim service quality standards and penalty mechanism established in our May 16, 2002 Order. The Stipulation further states that the Service Quality Plan will continue until such time as the Commission orders but that changes to the Plan may be proposed to begin January 1, 2005.

Finally, the Stipulation allowed Staff, which actively participated in the development of this Stipulation, to present it to the Commission, waiving an examiner's report and exceptions.

V. DECISION

When considering stipulations we apply for the following criteria:

- 1) whether the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
- 2) whether the process that led to the stipulation was fair to all parties; and
- 3) whether the stipulated result is reasonable and is not contrary to legislative mandate.

See *Central Maine Power Company, Proposed Increase in Rates, Docket No. 92-345(II)*, Detailed Opinion and Subsidiary Findings (Me.P.U.C. Jan. 10, 1995), and *Maine Public Service Company, Proposed Increase in Rates (Rate Design), Docket No. 95-052*, Order (Me.P.U.C. June 26, 1996).

We have also recognized that we have an obligation to ensure that the overall stipulated result is in the public interest. See *Northern Utilities, Inc., Proposed Environmental Response Cost Recovery, Docket No. 96-678*, Order Approving Stipulation (Me.P.U.C. April 28, 1997). We are satisfied that the proposed Stipulation in this case meets all these criteria and we approve it.

For approving the proposed Stipulation, we note that, by implementing service performance benchmarks and automatic penalties for failure to meet those standards, it provides a tangible incentive for Northern to maintain adequate service quality performance in these customer service areas. Such a Plan should lead the Company to develop remedies to service area performance problems such as those it recently implemented in its billing and meter reading operations.

We note that, as anticipated and documented in the recently approved Stipulation in Docket No. 2002-101, this Service Quality Plan includes performance metrics that are designed to monitor problem areas in Northern's recent operational history, such as call center response times, rejected actual

reads, and long no reads. See *Maine Public Utilities Commission, Investigation of Complaints Regarding Northern Utilities, Inc.'s Billing Practices, Docket No. 2002-101*, Order Approving Stipulation (Mar. 3, 2004). As we observed in Docket No. 2002-101, Northern has initiated an aggressive meter reading program that includes encouraging customers to phone in a reading, Saturday meter reads, follow-up telephone and mail contacts to schedule a meter read, and, ultimately, if all other strategies fail, disconnection procedures. Northern has also implemented new billing center procedures with management oversight and incentives in an effort to dramatically reduce instances of rejected actual reads. The performance measures contained in this Plan will provide us, and Northern, with a means to determine how well these new practices are working; the penalties will help spur the Company to take steps necessary to improve service problems.

We also understand from Staff that, while it is not explicit in these documents, the Parties agreed that inclusion of the Company's response to odor calls as a performance measure under this Plan does not preclude separate appropriate penalties pursuant to state and federal safety standard enforcement actions. This is appropriate because this Plan imposes penalties from a customer service perspective, whereas proceedings and penalties for violations of safety codes would flow from a separate aspect of our authority as matters of safety enforcement.

VI. CONCLUSION

We find the Stipulation proposed for resolution of this Investigation, executed by Northern and OPA and incorporated in this Order as Attachment 1, reasonable, and we approve it.

Dated at Augusta, Maine, this 17th day of March, 2004.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond
 Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-140

February 27, 2004

NORTHERN UTILITIES, INC.
Management Audit

STIPULATION

The Maine Division of Northern Utilities, Inc. ("Northern") and the Office of Public Advocate ("Public Advocate") (collectively "the Parties") hereby agree and stipulate as follows:

I. PURPOSE

The purpose of this Stipulation is to settle all issues in this proceeding, to avoid the need for a hearing on those issues and to expedite the Commission's consideration and resolution of this matter. The provisions agreed to herein have been reached as a result of discussions and negotiations among the Parties, and with the active participation of the Commission Staff.

II. BACKGROUND

The history of this proceeding is as follows:

On March 29, 2002, the Maine Public Utilities Commission ("Commission") opened Docket No. 2002-140 and issued a DRAFT Order Initiating a Management Audit and Investigation of Service Plan Incentive Plan ("Draft Order").

On April 8, 2002, pursuant to the Commission's Draft Order, Northern filed comments in response to the issues raised in the Draft Order.

On April 17, 2002, Central Maine Power Company filed a petition to intervene on a limited basis.

On May 16, 2002, the Commission officially issued its Order Initiating a Management Audit and Investigation of Service Plan Incentive Plan ("May 16, 2002 Order"). This Order took three actions: 1) it initiated a management audit of Northern's customer services to determine its adequacy; 2) it initiated a formal investigation for the purpose of developing and implementing a service quality incentive plan for Northern to ensure that reasonable customer service levels were clearly established and maintained; and 3) it adopted an interim service quality standard, for effect May 1, 2002, for credit and collection line calls, as well as establishing an associated

penalty structure which would remain in place during the pendency of this proceeding. The Commission, in the May 16, 2002 Order indicated it would explore whether Northern's customer service performance had suffered since its merger with NiSource, Inc., and if so, determine whether it should take any further regulatory action, See Order Initiating a Management Audit and Investigation of Service Plan Incentive Plan (May 16, 2002), at 1. As required by the May 16, 2002 Order, Northern has reported its credit and collections call performance on a monthly basis, for the last 18 months, on the following dates: June 11, 2002; July 8, 2002; August 5, 2002; September 9, 2002; October 8, 2002; November 8, 2002; December 5, 2002; January 8, 2003; February 5, 2003; March 6, 2003; April 7, 2003; May 6, 2003; June 9, 2003; July 7, 2003; August 6, 2003; September 5, 2003; October 10, 2003; and, November 6, 2003.

On May 21, 2002, the Office of Public Advocate intervened in the proceeding.

On May 28, 2002, the Commission issued an RFP seeking a consultant to conduct the Management Audit of Service Quality Performance at Northern Utilities, Inc. – Maine Division and to assist with the development of adequate performance based service quality mechanisms with suitable penalties.

On July 16, 2002, the staff of the Commission filed an Examiner's Report Regarding Call Response Performance for May and June ("July 16, 2002 Examiner's Report"). In this Report, Staff recommended the Commission impose a penalty for Northern's failure to meet the established performance standards

On July 18, 2002, the Public Advocate filed a letter in support of the recommendations outlined in the July 16, 2002 Examiner's Report..

On July 18, 2002, Northern filed comments in response to the July 16, 2002 Examiner's Report.

On August 14, 2002, the Commission issued a Procedural Order which required the Staff and Northern to provide additional information regarding several points so the Commission could further deliberate the recommendations made by Staff in the July 16, 2002 Examiner's Report.

On August 21, 2002, Northern submitted its comments to the Commission's August 14, 2002 Procedural Order.

On September 23, 2002, the Commission issued its Order relative to Northern's call response performance for May and June. The Commission concluded that Northern had not met the standards established in the May 16, 2002 Order, and therefore, were required to pay the penalty of \$5,000 per month, for a total penalty of \$10,000 for the May and June reporting period. The Commission also ordered Northern and the Consumer Assistance Division ("CAD") Director to work together to develop a mutually acceptable messaging system or call response standard for its credit and collection line. The joint proposal was to be filed with the Commission for approval and implementation on October 1, 2002.

On October 2, 2002, the Commission issued its Order Revising Credit Line IVR Message and Performance Measurement Starting Point based on the agreement reached between the CAD Director and Northern.

On October 4, 2002, a Management Audit Kick-Off Meeting was held at Northern's Corporate Headquarters, 300 Friberg Parkway, Westborough, MA. The Staff was represented by Carol MacLennan, Derek Davidson and Amy Spelke. Representatives of Xenergy (the consultants retained by the Commission to perform the audit) were Tim Lyons, Jim DeMetro and Gerry Yurkevicz. The Public Advocate had been invited, but was unable to attend. Various representatives of Northern's departments and divisions presented an overview of each respective area.

During the period October 4, 2002 (the Kick-Off Meeting) and May 5, 2003, Xenergy issued and Northern responded to more than 100 data requests. Xenergy conducted a combination of face-to-face and phone interviews with more than 50 individuals from various departments within NiSource. Additionally, Xenergy conducted tours of key facilities in Brockton, Springfield and Westborough, Massachusetts as well as Portland, Maine and Portsmouth, New Hampshire.

On May 5, 2003, Xenergy issued its DRAFT Management Audit Report.

Between May 5, 2003 and June 11, 2003, discussions took place between Xenergy and Northern regarding the DRAFT Management Audit Report factual issues.

On May 15 and 16, 2003, Northern requested that the Commission establish a procedural schedule and requested hearings if necessary.

On June 11, 2003, Xenergy filed its Final Management Audit Report (dated June 10, 2003).

On July 9, 2003, the Commission issued a Notice of Opportunity for Intervention and Procedural Schedule. On July 10, 2003, Central Maine Power Company filed a letter requesting to retain its discretionary intervenor status.

On July 16, 2003, the Hearing Examiner on behalf of the Advisory Staff issued the Bench Analysis of the Final Management Audit Report prepared by Xenergy. The Bench Analysis recommended the Commission adopt a Service Quality Program for Northern that includes components of the Xenergy Audit Report, supplemented by the Staff recommendations included in the Bench Analysis Report.

On July 24, 2003, the Commission conducted a procedural conference at the Commission's offices in Augusta, Maine, to discuss the further process or schedule for the case..

On August 28, 2003, the Commission issued a Procedural Order that established the schedule for adjudication of the proposed Service Quality Plan for Northern

On September 5, 2003, pursuant to the Procedural Order issued on August 28, 2003, Northern filed the Direct Prefiled Testimony of Stephen H. Bryant.

Following the issuance of Northern's prefired testimony, Commission Staff and the Parties discussed the potential of settling the issues in the docket. A series of in-person and telephonic settlement conferences ensued. In each of these meetings, the Parties discussed a proposed plan for service quality to be employed for Northern. Settlement discussions took place, with the participation of Staff, regarding possible resolution of the issues in the proceeding. As a result of those discussions, the Parties agreed that Northern would implement service quality measures and report on its performance on regular intervals to the Commission and the Public Advocate. These agreements are reflected in this Stipulation.

III. STIPULATION PROVISIONS

A. The Parties to this Stipulation agree and recommend that the Commission approve this Stipulation and in doing so find and order as follows:

1. Institution of Service Quality Plan. Northern commits to the Service Quality Plan illustrated in Attachment Settlement – SQP – 1 and further described in Attachment Settlement – SQP – 2.
2. Areas of Service Covered by the Service Quality Plan. Northern commits to report on service quality according to the agreed service quality measures and baseline performance targets in the following areas, as set forth in Section III of Attachment Settlement – SQP – 2:
 - a) Field Operations (Service Appointments Met On The Scheduled Day and Time, Response to Odor Calls);
 - b) Meter Reading (On-Cycle Meter Reads, Long No-Reads);
 - c) Billing (Meter Reads Used);
 - d) Contact Center Performance (Telephone Service Factor – Emergency Calls, Telephone Service Factor – Non-Emergency Calls, Abandoned Call Rate, Contact Center Busy Outs); and
 - e) Overall Service (Consumer Assistance Division Cases, Customer Satisfaction).
3. Service Quality Measure Performance. Northern will be subject to penalties based on its performance for each measure under the specific formulae set forth in Section III of Attachment Settlement – SQP – 2.
4. Penalty Mechanism. Northern will be subject to a maximum annual penalty of \$300,000 during the term of the service performance plan if it fails to meet the baseline performance targets under the penalty structure as described in Section II of Attachment Settlement – SQP – 2. See also Attachment Settlement – SQP – 1 for a sample illustration of how the penalty mechanism works under assumed performance levels.
5. Effective Date. Northern's commitment to service as provided in the Service Quality Plan will take effect on January 1, 2004, subject to the approval of the Commission in writing, and will run on a calendar year basis.

6. Exemption Provision. Northern may seek an exemption from the application of any of the service quality provisions and measures applied to it by the Service Quality Plan for failure to meet any measure as a result of event(s) outside its control, including *but not limited to* occurrences or failures related to acts of God, weather, labor or union action, forfeiture, regulatory action, legislative action, governmental or municipal action, and terrorism. This provision, and Northern's right to seek an exemption, shall be construed broadly, however, Northern retains the burden to demonstrate that such occurrences or failures contributed to Northern's inability to meet the service quality performance measures agreed upon in its Service Quality Plan and that an exemption is warranted.

7. Reporting Requirements and Penalty Payment Schedule. Northern shall both report service quality performance results and be subject to a penalty as set forth in Section IV of Attachment Settlement – SQP – 2. Beginning March 31, 2005, Northern shall report its service quality results to the Commission in an annual filing each year on or before March 31. All penalties determined and approved by the Commission shall be credited to all firm service Customers as a service quality penalty offset ("Offset") to each Customer's bill, and thereby applied to reduce the Customer's total bill.

8. Filing of Annual Report and Comment Period. Each year after March 31st, the Commission shall establish a schedule for review of the filing.

9. Mechanism for Offset. Any Service Quality Penalty Offset ("Offset") derived from Northern's service quality performance shall be calculated and paid as either a one-time or periodic Offset to each Customer's overall bill as approved by the Commission. The Company shall propose as part of its annual report an Offset based on the penalty to be applied and the number of meters associated with active billed accounts in Northern's service territory at the end of the 12-month reporting period as set forth in this Service Quality Plan. The Company shall also propose a disbursement method and relevant customer communications language.

10. Service Appointment Study. During the first 12-month Reporting Period, Northern shall undertake a Service Appointment Study to examine the issue of

Company initiated calls to reschedule Service Appointments on the day the Service Appointment was to be met. This Study will, among other things, measure the frequency of this practice, and quantify, to the extent possible, how often this practice is performed and what impact any change to this practice may have on Customers. The goal of this Study, which will result in a report to be submitted to the Commission no later than the end of the fourth quarter of 2004, is to provide the basis for any future recommended changes to the Service Appointments Met On The Scheduled Day and Time service quality standard. As part of its report, the Company will propose the manner in which a modification, if any, will be made to this service quality measure to eliminate from its reported on-time statistics those Company-initiated calls to reschedule Service Appointments on the day the Service Appointment was to be met.

11. Integrated Voice Response ("IVR") Menu – The Company agrees to ensure that: (1) each menu level of the Contact Center's integrated voice response ("IVR") system provides the explicit option for customers to reach a live customer service representative ("Option 0"), and (2) the IVR's Main Menu provide Option 0 in a timely manner within the first 4 menu options, and prior to any option to repeat the prior options, or before the "For All Other Questions" option.

12. Term of Plan. Implementation of the Service Quality Plan will continue until such time as the Commission orders otherwise, and either Party reserves the right to propose changes to the Service Quality Plan beginning January 1, 2005.

13. Interim Service Quality Standard and Penalty Structure. This Stipulation and the Service Quality Plan are intended by the Parties to replace the interim service quality standards as well as the Commission's directive in Footnote 32 of the Commission's May 16, 2002 Order.

14. Relation Back. The Parties agree that Northern will track, report and be subject to the penalty structure contained in the Service Quality Plan commencing on January 1, 2004.

15. In General.

- a) Stipulation as Integral Document. This Stipulation represents the full agreement between all Parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole.
- b) Construction and Interpretation. To the extent that there is any conflict between the words and interpretation of this Stipulation and the Attachment Settlement – SQP – 2, the Parties agree that the words in the Attachment Settlement-SQP-2 shall control.
- c) Non-Precedential Effect. The Stipulation shall not be considered legal precedent, nor shall it preclude a party from raising any issues in any future proceeding or investigation on similar matters subsequent to this proceeding.
- d) Record. The record on which the Commission may base its determination whether to accept and approve this Stipulation shall include this Stipulation and its attachment(s), the Final Management Audit (dated June 10, 2003), the Bench Analysis (dated July 16, 2003) and the Direct Prefiled Testimony of Stephen H. Bryant (filed September 5, 2003).
- e) Staff Presentation of Stipulation. The Parties to the Stipulation hereby waive any rights that they have to the extent necessary to permit the Advisory Staff to make any report, proposed findings or recommendations regarding this Stipulation and/or the resolution of this case without providing a copy in writing in advance to the Parties with an opportunity to submit a response or exceptions thereto.

NORTHERN UTILITIES, INC.

BY: _____
ITS: _____ DATE

OFFICE OF THE PUBLIC ADVOCATE

By: _____
ITS: _____ DATE

SAMPLE

Northern Utilities, Inc. Maine Division

2004 Maine Penalty Calculations

SAMPLE**SAMPLE**

Maximum penalty: \$300,000

<u>SQI Measure</u>	Baseline	YTD results	Weights	Point Deductions	Penalty
Field Operations					
Appointments Met Same Day	95%	95.0%	10.00	0.00	\$0
Odor calls responded in one hr. 1/ - Q1	95%	93.8%	20.00	0.25	\$7,500
Odor calls responded in one hr. 1/ - Q2	95%	94.0%	20.00	0.21	\$6,300
Odor calls responded in one hr. 1/ - Q3	95%	94.5%	20.00	0.11	\$3,300
Odor calls responded in one hr. 1/ - Q4	95%	92.0%	20.00	0.63	\$18,900
Meter Reading					
On-Cycle Meter Reading	80%	78.0%	10.00	0.25	\$7,500
Long No Reads > 12 months	0	10	N/A	0.40	\$7,500
Billing					
Meter Reads Used	99.4%	99.0%	10.00	0.04	\$1,200
Contact Center					
TSF 30 seconds - Emergencies	95%	96.0%	10.00	0.00	\$0
TSF 30 seconds - Non-Emergencies	75%	78.0%	10.00	0.00	\$0
Abandoned Call Rate	5%	6.0%	5.00	1.00	\$30,000
Contact Center Network Busy Outs	2%	2.5%	5.00	1.25	\$37,500
Overall Service					
Consumer Division cases/1000	3	3.00	10.00	0.00	\$0
Customer Satisfaction (% Satisfied)	NA	NA	NA		NA
				4.14	\$119,700

Notes:

1/ The Parties have agreed to have the Company report on a monthly basis and be subject to a quarterly penalty associated with this safety-related service measure.

Attachment Settlement – SQP – 2

SERVICE QUALITY PERFORMANCE PLAN

I. GENERAL

A. Provisions

The following guidelines apply to the Maine Division of Northern Utilities, Inc. (“Northern” or “the Company”), unless otherwise indicated.

B. Definitions

“Abandoned Call” -- calls entering any of the Contact Center queues that are ultimately abandoned by either the caller or the Company.

“Annual” – on a calendar year basis.

“Busy Outs” - a caller reaching the Springfield Contact Center who experiences either a fast busy signal or a recording stating that all incoming circuits are busy and to call back later-.

“CAD” – Consumer Assistance Division of the Commission.

“Class I Odor Call” -- those calls that relate to a strong odor of gas throughout a household or outdoor area, or a severe odor from a particular area.

“Class II Odor Call” -- calls involving an occasional or slight odor at an appliance.

“Company” -- Northern.

“Company Meter Read” – whenever the Company obtains an actual consultation of the meter, whether through a manual or automatic reading method.

“Commission” – the Public Utilities Commission of the State of Maine.

“Consumer Assistance Division Case” or “CAD Case” -- a written record opened by the CAD in response to a Customer complaint that meets the criteria set forth in Section II.E.1.

“Contact Center” – the Company’s Springfield Contact Center.

“Contact Center Network Busy Outs” -- calls entering the Company’s enhanced call routing switch that either receive a busy signal or are otherwise unable to be processed into the integrated voice response system.

“Customer” – an active residential or non-residential consumer of Northern’s natural gas distribution service who received utility service, or has agreed to be billed for utility service, during the Reporting Period.

"Customer Satisfaction Survey" -- a statistically reliable telephone survey conducted on behalf of the Company by a third-party vendor of Customers who recently received a Utility or Regulated Service Activity to determine the level of satisfaction after receiving the requested service.

"Customer Meter Read" -- when the Customer provides Northern with usage information as displayed on the Company's meter.

"Dispatch Center" -- the Company's Brockton Dispatch Center.

"Emergency Call" -- a telephone call entering and received by the Company's gas leak line located at the Dispatch Center where the caller believes that he or she is confronting a special circumstance that leads the caller to believe that such circumstance might lead to bodily and/or system-related damage if the circumstance is not addressed. Examples of such circumstance include reports of gas leaks and gas odors.

"Long No Read" -- any meter that has not had a Company Meter Read for a period of at least 12 consecutive months or longer.

"Maximum Penalty" -- The maximum financial penalty the Company is subject to paying in any given Year is \$300,000.

"Monthly" -- for the period of the first day of the month to the last day of the month unless otherwise noted.

"Meter Reads Used" -- Company Meter Reads that are used by Northern for billing purposes.

"Network Call" -- a call entering the Company's Contact Center telephone network (i.e., Enhanced Call Routing switch).

"Non-Emergency Call" -- all telephone calls received by the Contact Center other than Emergency Calls.

"On-Cycle Meter Reading" -- the act of manually or automatically acquiring Customer-specific usage levels, expressed in numerical units, during a normal on-cycle period.

"Operating Area" -- the geographical territory in Maine that is served by Northern and is defined in Northern's Tariff. These areas may also be referred to as regions, divisions, or districts.

"Quarterly" -- the three month periods ending March 31, June 30, September 30, and December 31, respectively.

"Reporting Period" -- The twelve-month period ending December 31 of any given year.

“Respond” or “Response” to a Class I or Class II Odor Call shall mean the following: from the time the Dispatch Center answers the Emergency Call to the on-site arrival of the qualified Company personnel who is able to make the situation safe.

“Service Appointment” -- a mutually agreed-upon arrangement for service between the Company and the Customer that specifies the date and time (e.g., AM, PM, or All Day) for the Company’s personnel to perform a Utility or Regulated Service Activity that requires the presence of the Customer at the time of service.

“Service Quality Performance Measures” – those measures provided in Section II of this Service Quality Plan.

“TSF” – Telephone Service Factor. Measures performance in customer service response at the Contact Center and Dispatch Center.

“Utility” or “Regulated Service Activity” — the following activities performed by Northern: meter turn on and turn offs, meter exchanges and tests, new service installations, connection and reconnection services, and disconnections.

“Year” -- calendar year unless otherwise noted.

C. Baseline Performance Targets

Baseline performance targets for each measure will be based on the predetermined level agreed to as part of this Settlement. Each measure’s baseline performance target will be fixed according to the terms of this Settlement.

D. Measurement Interval

The Company will implement, and be subject to, an Annual performance target and penalty plan for all service quality performance measures described in Section III, below, except Response to Odor Calls, which will be subject to a Quarterly performance target and penalty plan.

E. Performance Measurement

The Company will compile and report service quality performance data for each measure in a manner consistent with the formulae set forth in Section III, below.

II. PENALTIES

A. Applicability

The penalty to be applied to Northern’s failure or underperformance in the Service Quality Performance Measures, except with regard to Response to Odor Calls set forth in Section III.A.2, shall be determined in accordance with the penalty formula in Section II.B.2. If Northern’s Annual performance for a given Service Quality Performance Measure is better than or equal to the prescribed

performance target, no penalty may be imposed for that measure. If Northern's Annual performance for a given performance measure is worse than the prescribed performance target, then it may be subject to the penalty established in Section II.B.

The penalty for Section III.A.2 – Response to Odor Calls shall be determined in accordance with the penalty formula in Section II.B.3.

B. Penalty Mechanism

1. Penalty Structure – In General

The Company may be subject to penalties for failing to perform according to prescribed performance targets for each of the Service Quality Performance Measures in this Service Quality Plan. In each Year, the total penalty that may be assessed against Northern may not exceed \$300,000. In no event may Northern assess a charge for superior performance under any or all Service Quality Performance Measures.

Northern shall calculate any applicable penalty attributable to its failure to meet targeted performance levels by first allocating the penalty among each of the performance measures according to (1) a predetermined weighting system; (2) the level of performance of a given measure relative to the predetermined performance target, and (3) an overall point deduction system. To derive the penalty calculation, Northern must apply a weight to each service quality measure. In addition, the penalty is calculated as a percentage deviation from the performance target. Finally, the penalty is applied as a point deduction for fairness and efficiency in the application of penalties under the Service Quality Plan. The intent is that Northern faces a larger penalty for larger deviations from the targeted performance level.

2. Penalty Formula For Measures Other Than Response to Odor Calls

- a. This formula establishes the penalty for failure to meet minimum performance targets set for Service Appointments Met On The Scheduled Day and Time, On-Cycle Meter Reading, Company Meter Reads Used, Emergency Calls, and Non-Emergency Calls.

The penalty formula for these particular performance measures (i.e., Penalty_M), except for the Response to Odor Call measure, shall be:

$$\text{Penalty}_M = ((\text{Performance Target} - \text{Observed Result}) / \text{Performance Target}) * \text{Weight} * (\text{Maximum Penalty} / 10)$$

Where:

Performance Target = the predetermined baseline performance level of a given measure;

Observed Result = the 12-month actual performance of a given measure achieved in a Year, rounded to the nearest whole percentage point; with the exception of the "Company Meter Reads Used" metric, which will be rounded to the nearest tenth of a percentage point.;¹

Weight = the predetermined apportionment of penalty to each given measure as set forth in Section II.B.4.

Therefore:

- If: $((\text{Performance Target} - \text{Observed Result}) / \text{Performance Target}) * \text{Weight}$ is $<$ or $=$ to zero, then the Point Deduction is zero and no penalty applies.
- If: $((\text{Performance Target} - \text{Observed Result}) / \text{Performance Target}) * \text{Weight} >$ zero, then the appropriate Point Deduction is calculated.
- If: Point Deduction $>$ Zero, then $(\text{Maximum Penalty} / 10) * \text{Point Deduction}$

Where:

Point Deduction = ratio of the Maximum Penalty applicable to any given measure (the Point Deduction will be rounded to the nearest tenth decimal place);

Maximum Penalty = Maximum financial penalty the Company is subject to paying in any given Year as set forth in Section II.B.1; and

10 = the predetermined maximum allowable deterioration of service applicable to both each individual measure as well as the bundle of measures described in Section III, excluding Long No Reads.

- b. This formula establishes the penalty for exceeding the maximum allowed performance targets for the Abandoned Call Rate, Contact Center Network Busy Outs, and CAD Cases.

The penalty formula for these particular performance measures, except for the Response to Odor Call measure, shall be:

$\text{Penalty}_M = ((\text{Observed Results} - \text{Performance Target}) / \text{Performance Target}) * \text{Weight} * (\text{Maximum Penalty} / 10)$

Where:

¹ Each service quality measure uses a specific formula to calculate actual performance. These formulae can be found throughout Section III of the Service Quality Plan under the heading "Performance Formula".

Performance Target = the predetermined baseline performance level of a given measure;

Observed Result = the 12-month actual performance of a given measure achieved in a Year, rounded to the nearest applicable decimal place;

Weight = the predetermined apportionment of penalty to each given measure as set forth in Section II.B.4.

Therefore:

- If: $((\text{Observed Results} - \text{Performance Target}) / \text{Performance Target}) * \text{Weight}$ is \leq zero, then the Point Deduction is zero and no penalty applies.
- If: $((\text{Observed Results} - \text{Performance Target}) / \text{Performance Target}) * \text{Weight} > \text{zero}$, then the appropriate Point Deduction is calculated.
- If: $\text{Point Deduction} > \text{Zero}$, then $(\text{Maximum Penalty} / 10) * \text{Point Deduction}$

Where:

Point Deduction = ratio of the Maximum Penalty applicable to any given measure (the Point Deduction will be rounded to the nearest tenth decimal place);

Maximum Penalty = Maximum financial penalty the Company is subject to paying in any given Year as set forth in Section II.B.1; and

10 = the predetermined maximum allowable deterioration of service applicable to both each individual measure as well as all measures described in Section III, excluding Long No Reads.

- c. This penalty formula is used exclusively for Long No Read.

The penalty formula for Long No Reads > 12 Months (i.e., $\text{Penalty}_{\text{LNR}}$) shall be:

$$\text{Penalty}_{\text{LNR}} = (\text{Observed Results} / 25) * (\text{Maximum Penalty} / 16)$$

Where:

Observed Result = # of Maine Customers With Meters Without a Company Meter Read In > 12 Months;

25 = a predetermined variable such that the Maximum Penalty may be incurred for performance associated with this measure if the Company fails to obtain a Company Meter Read of 250 Maine Customer meters for a period longer than 12 consecutive months.

Therefore:

- If: Observed Results / 25 is < or = to zero, then the Point Deduction is zero and no penalty applies.
- If: Observed Results / 25 is > zero, then the appropriate Point Deduction is calculated.
- If: Point Deduction > Zero, then (Maximum Penalty / 16) * Point Deduction)

Where:

Point Deduction = ratio of the Maximum Penalty applicable to any given measure (the Point Deduction will be rounded to the nearest tenth decimal place);

Maximum Penalty = Maximum financial penalty the Company is subject to paying in any given Year as set forth in Section II.B.1; and

16 = the predetermined maximum allowable deterioration of service applicable to Long No Reads.

3. Penalty Formula for Response to Class I and Class II Odor Calls

The penalty formula for the Response to Odor Call (i.e., $\text{Penalty}_{\text{ROC}}$) performance measure shall be:

$\text{Penalty}_{\text{ROC}} = ((\text{Performance Target} - \text{Observed Result}) / \text{Performance Target}) * \text{Weight} * (\text{Maximum Penalty} / 10)$

Where:

Performance Target = the predetermined baseline performance for this measure;

Observed Result = the actual performance of a given measure achieved in a consecutive 3-month basis, rounded to the nearest whole percentage point;

Weight = the predetermined apportionment of penalty to this measure as set forth in Section II.B.4.

Therefore:

- If: $((\text{Performance Target} - \text{Observed Result}) / \text{Performance Target}) * \text{Weight}$ is \leq zero, then the Point Deduction is zero and no penalty applies.
- If: $((\text{Performance Target} - \text{Observed Result}) / \text{Performance Target}) * \text{Weight} > \text{zero}$, then the appropriate Point Deduction is calculated.
- If: Point Deduction $> \text{Zero}$, then $(\text{Maximum Penalty} / 10) * \text{Point Deduction}$

Where:

Point Deduction = ratio of the Maximum Penalty applicable to any given measure (the Point Deduction will be rounded to the nearest tenth decimal place);

Maximum Penalty = Maximum financial penalty the Company is subject to paying in any given Year as set forth in Section II.B.1; and

10 = the predetermined maximum allowable deterioration of service applicable to this measure as well as the bundle of measures described in Section III, excluding Long No Reads.

4. Apportionment of Penalty Among Service Quality Performance Measures

Penalties shall be apportioned among the various Service Quality Performance Measures as follows:

Field Operations

Service Appointments Met On The Scheduled Day and Time	10 percent
Response to Odor Calls	20 percent Each Quarter

Meter Reading

On-Cycle Meter Readings	10 percent
Long No Reads	10 percent

Billing

Company Meter Reads Used	10 percent
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Contact Center

TSF 30 Seconds – Emergency	10 percent
TSF 30 Seconds – Non-Emergency	10 percent
Abandoned Call Rate	5 percent
Contact Center Network Busy Outs	5 percent

Overall Service

Consumer Assistance Division Cases	10 percent
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The Service Quality Performance Measure of Customer Satisfaction is not included in the Company's Service Quality Plan penalty structure.

III. SERVICE QUALITY PERFORMANCE MEASURES

A. FIELD OPERATIONS

1. Service Appointments Met On The Scheduled Day and Time

a. Baseline Performance Target

For at least the first 12-month Reporting Period, Northern shall respond to 95 percent of all mutually agreed upon Service Appointments Met On The Scheduled Day and Time as set forth in Section III.A.1.c, below.

During the first 12-month Reporting Period, Northern shall undertake a Service Appointment Study to examine the issue of Company initiated calls to reschedule Service Appointments on the day the Service Appointment was to be met. This Study will, among other things, measure the frequency of this practice, and quantify, to the extent possible, how often this practice is performed and what impact a change to this practice may have on Customers. The goal of this Study, which will result in a report to be submitted to the Commission no later than the end of the fourth quarter of 2004, is to provide the basis for any future recommended changes to this service quality measure. As part of its report, the Company will propose the manner in which a modification, if any, will be made to this service quality measure to eliminate from its

reported on-time statistics those Company-initiated calls to reschedule Service Appointments on the day the Service Appointment was to be met.

b. Reporting Requirements

Northern shall gather data and report statistics regarding the number of Service Appointments Met On The Scheduled Day and Time, excluding when a Customer misses a mutually-agreed upon time. Northern shall report the percentage of scheduled Service Appointments met by Company personnel on the scheduled day and time requested. Service Appointments Met On The Scheduled Day and Time data shall be compiled and aggregated Monthly. Reporting shall occur on an Annual basis. Each report shall be submitted in accordance with Section IV.A, below, with data rounded to the nearest whole percentage point.

c. Performance Formula

% Of Service Appointments Met On The Scheduled Day and Time = A / B

Where: A = Total # of Maine Service Appointments Met On The Scheduled Day and Time
 B = Total # of Maine Service Appointments Scheduled

A. Total # of Maine Service Appointments Met On The Scheduled Day and Time = All mutually agreed upon Service Appointments between the Company and the Customer that were met by Company personnel on the scheduled day and time requested in a manner consistent with the following time slots and grace periods:

Scheduled Time	AM	PM
	[8:00 AM – 11:59 AM]	[12:00 PM – 3:59 PM]
Grace Period	[12:00 PM - 12:30 PM]	[4:00 PM -5:00 PM]
Scheduled Time	ALL DAY	
	[8:00 AM	3:59 PM]
Grace Period	[4:00 PM - 5:00 PM]	

B. Total # of Maine Service Appointments Met On The Scheduled Day and Time = All mutually agreed upon Service Appointments between the Company and the Customer that were scheduled by the Company.

Service Appointment = a mutually agreed-upon arrangement for service between the Company and the Customer that specifies the date and time (i.e., AM, PM, or All Day) for the Company's

personnel to perform a Utility or Regulated Service Activity that requires the presence of the Customer at the time of service. Total # of Maine Service Appointments Met On The Scheduled Day and Time exclude mutually agreed upon service calls missed by customers.

The following is a list of job codes for Service Appointments included as part of the Regulated Appointments Met report:

Inside Meter Job Codes:

110, 113, 114, 130, 160, 165, 170, 185, 189, 209, 210, 214, 219, 265, 266, 276, 277, 278, 279, 290, 291, 292, 294, 298, 299, 703, 720, 725, 726, 730, 735, 760, 762, 764

Inside or Outside Meter Job Codes:

100, 105, 106, 120, 175, 180, 181, 195, 196, 200, 205, 206, 250, 255, 256, 267, 268, 270, 271, 272, 273, 274, 275, 280, 281, 283, 295, 296, 300, 315, 715, 716, 740, 768

If the original work order was voided by either the Company or the Customer or a manual order is used during the first 12-month Reporting Period, then the voided Service Appointment is not counted. Also, if the completion status comes prior to the scheduled date, then the work order is counted as met. These standards, along with the definition of Service Appointment, may be revisited upon the completion of the Service Appointment Study.

2. Response to Odor Calls

a. Baseline Performance Target

Northern shall Respond to 95 percent of all Class I and Class II Odor Calls in one (1) hour or less.

b. Reporting Requirements

Northern shall gather data and report statistics for the percentage of Responded-to Class I and Class II Odor Calls. Response to Odor Call data shall be compiled by municipality, aggregated Monthly, and reported Quarterly. Each report shall be submitted in accordance with Section IV.B, below, with data rounded to the nearest whole percentage point.

“Respond” or “Response” to a Class I or Class II Odor Call shall mean the following: from the time the Dispatch Center answers the Emergency Call to the on-site arrival of the qualified Company personnel who is able to make the situation safe.

c. Performance Formula

% Of Odor Calls Responded To In \leq 60 Minutes = A / B

Where: A = # of Maine Odor Calls Responded To In \leq 60 Minutes

B = Total # of Maine Odor Calls

- A. # of Maine Odor Calls Responded To In \leq 60 Minutes = (# of Class I Odor Calls Responded To In \leq 60 Mins. + # of Negative Class I Odor Calls) + (# of Class II Odor Calls Responded To In \leq 60 Mins. + # of Negative Class II Odor Calls).
- B. Total # of Maine Odor Calls = Total # of Class I Odor Calls + Total # of Class II Odor Calls.

“Class I Odor Calls” shall mean those calls that relate to a strong odor of gas throughout a household or outdoor area, or severe odor from a particular area.

“Negative Class I Odor Calls” shall mean Class I Odor Calls that were actually Responded to before an electronic work order was created. This occurs when the Mobile Data System, which creates electronic work orders, is off-line when an odor call comes in, so a manual work order is generated. The manual work order is subsequently replaced by an electronic work order once the system is back on-line.

“Class II Odor Calls” shall mean calls involving an occasional or slight odor at an appliance.

“Negative Class II Odor Calls” are similar to Negative Class I Odor Calls.

“Respond” or “Response” to a Class I or Class II Odor Call shall mean the following: from the time the Dispatch Center answers the Emergency Call to the on-site arrival of the qualified Company personnel who is able to make the situation safe.

B. METER READING

1. On-Cycle Meter Readings

a. Baseline Performance Target

Northern shall obtain at least 80 percent of its scheduled On-Cycle Meter Readings.

b. Reporting Requirements

Northern shall gather data and report statistics for the percentage of Customers’ meters for which Northern obtains a Company Meter Read in a normal on-cycle period. On-Cycle Meter Reading data shall be compiled and aggregated Monthly. Reporting shall occur on an Annual basis. Each report shall be submitted in accordance with Section IV.A, below, with data rounded to the nearest whole percentage point.

c. Performance Formula

% Of On-Cycle Meters Read = A / B

Where: A = # of Maine Meters Actually Read
 B = # of Maine Meters Scheduled To Be Read

A. # of Maine Meters Actually Read = # of Maine residential and commercial meters that are actually read by the Company, either manually or automatically, during a normal on-cycle period, such that customer-specific usage levels of natural gas can be identified over a defined period of time.

B. # of Maine Meters Scheduled To Be Read = # of meters, as described above, that are scheduled to read by the Company during a normal on-cycle period.

2. Long No Reads

a. Baseline Performance Target

Northern shall have no customers with an active meter that has not had a Company Meter Read for a period of at least 12 consecutive months or longer.²

² This figure excludes Exempted Customers.

b. Reporting Requirements

Northern shall gather data and report statistics for the number of meters for which a Company Meter Read is not obtained for a period greater than 12 consecutive months. Long No Read data shall be compiled and aggregated Monthly. Reporting shall occur on an Annual basis. Each report shall be submitted in accordance with Section IV.A, below, with data rounded to the nearest whole number.

For those Customers that the Company is unable to obtain a Company Meter Read for a period greater than 12 months, the Company shall, consistent with the Interim Meter Reading Plan submitted as part of Docket No. 2002-101, either terminate service, as appropriate and in a manner consistent with the Commission's rules and regulations governing termination of service, or request an exemption from the Commission's Chapter 81 and 86 rules.

c. Performance Formula

Of Customers With Meters Not Read In ≥ 12 Months = A - B

Where: A = # of Maine Customers With Meters Not Read In ≥ 12 Months
B = # of Exempted Customers With Meters Not Read In ≥ 12 Months

- A. # of Maine Customers With Meters Not Read In ≥ 12 Months = # of Maine residential and commercial customers with active meters that the Company was unable to obtain an actual meter read for, either manually or automatically, as of the end of the 12-month reporting period.
- B. # of Exempted Customers With Meters Not Read In ≥ 12 Months = # of Maine residential and commercial customers with active meters that the Company was unable to obtain an actual meter read for, as described above, and where the Company is able to demonstrate to the Commission's satisfaction that it has exhausted all required and reasonable actions (e.g., left knob cards, offered flexible scheduling options, written letters, attempted disconnections, etc.) to obtain such reads.

C. BILLING

1. Company Meter Reads Used

a. Baseline Performance Target

Northern shall use for billing purposes at least 99.4 percent of all Company Meter Reads obtained during a normal on-cycle period.

b. Reporting Requirements

Northern shall gather data and report statistics for the percent of Company Meter Reads Used for billing purposes. Company Meter Reads Used data shall be compiled and aggregated Monthly. Reporting shall occur on an Annual Basis. Each report shall be submitted in accordance with Section IV.A, below, with data rounded to the nearest tenth of a percentage point.

c. Performance Formula

% Of Meter Reads Used = $(A - B) / A$

Where: A = # of Maine Meter Reads
B = # of Maine Meter Reads Not Used

- A. # of Maine Meter Reads = # of Maine residential and commercial Company Meter Reads that are actually obtained by the Company during a normal on-cycle period, such that customer-specific usage levels of natural gas can be identified over a defined period of time.
- B. # of Maine Meter Reads Not Used = # of Maine residential and commercial Company Meter Reads, as described above, that are not used for billing purposes for whatever reason, such that the customer receives a bill based on a system generated estimate of natural gas usage.

D. CONTACT CENTER PERFORMANCE MEASURES

1. Telephone Service Factor – Emergency Calls

a. Baseline Performance Target

Northern shall answer at least 95 percent of all Emergency Calls within 30 seconds.

b. Reporting Requirements

Northern shall gather data and report statistics on its ability to answer Emergency Calls. Emergency Call data shall be compiled and aggregated Monthly. Reporting shall occur on an Annual Basis. Each report shall be submitted in accordance with Section IV.A, below, with data rounded to the nearest whole percentage point.

c. Performance Formula

$\% \text{ Calls Answered} \leq 30 \text{ Seconds} = A / B$

Where: A = Total # of Calls Answered In ≤ 30 Seconds
B = Total # of Calls Offered

A. Total # of Calls Answered in ≤ 30 Seconds = Total # of Calls Answered ≤ 30 Seconds + Total # of Calls Abandoned ≤ 30 Seconds

B. Total # of Calls Offered = Total # of Calls Entering Brockton Dispatch Center's PBX

Total # of Calls Entering PBX = Sum Of Calls From Following 4 Numbers:

- Brockton – (800) 525-8222
- Lawrence – (978) 687-0259
- Springfield – (800) 792-2444
- ME & NH – (800) 842-6847

Telephone Service Factor ("TSF") for Emergency Calls shall be measured beginning at the point that the caller's call is offered to the Company's Brockton Dispatch Center's PBX/Symposium System and ending at the point that the call is responded to by the Company's Dispatch Center personnel.

2. Telephone Service Factor – Non-Emergency Calls

a. Baseline Performance Target

Northern shall answer at least 75 percent of all Non-Emergency Calls by a live Customer Service Representative ("CSR") within 30 seconds.

b. Reporting Requirements

Northern shall gather data and report statistics on its handling of Non-Emergency Calls. Non-Emergency Call data shall be compiled and aggregated Monthly. Reporting shall occur on an Annual basis. Each report shall be submitted in accordance with Section IV.A, below, with data rounded to the nearest whole percentage point.

c. Performance Formula

$\% \text{ Calls Answered} \leq 30 \text{ Seconds} = A / B$

Where: A = Total # of Calls Answered by a live CSR In ≤ 30 Seconds

B = Total # of Call Answered by a live CSR

- A. Total # of Calls Answered by a live CSR In ≤ 30 Seconds = Total # of Calls Answered by a live CSR ≤ 30 Seconds + Total # of Calls Abandoned ≤ 30 Seconds
- B. Total # of Calls Answered by a live CSR = C + D
- C. Total # of Calls Answered by a live CSR in QUEUE 1 – 4³
- D. Total # of Calls Abandoned in QUEUE 1 – 4

Telephone Service Factor (“TSF”) for Non-Emergency Calls shall be measured beginning at the point that the caller chooses to speak to a CSR and ending at the point that the call is responded to by the service-area CSR selected by the caller. If the caller does not make any selection, the response time shall be measured from a point following the completion of the Company’s recorded menu options and ending at the point that a CSR responds to the call.

In addition, the Company agrees to ensure that: (1) each menu level of the Contact Center’s integrated voice response (“IVR”) system provides the explicit option for customers to reach a live customer service representative (“Option 0”), and (2) the IVR’s Main Menu will provide Option 0 in a timely manner within the first 4 menu options.

3. Abandoned Call Rate

a. Baseline Performance Target

Northern shall abandon no more than 5 percent of all calls reaching any of the Springfield Contact Center’s four queues.

b. Reporting Requirements

Northern shall gather data and report statistics for the percent of calls entering any of the Contact Center queues that are ultimately abandoned by either the caller or the Company. Abandoned Call data shall be compiled and aggregated Monthly. Reporting shall occur on an Annual basis. Each report shall be submitted in accordance with Section IV.A, below, with data rounded to the nearest whole percentage point.

c. Performance Formula

³ Queue 1 = Billing, Queue 2 = Service, Queue 3 = Credit MA, and Queue 4 = Credit ME/NH.

% of Abandoned Calls = A / B

Where:

A = Total # of Abandoned Calls

B = Total # of Calls Answered

A. The Total # of Abandoned Calls is captured by adding all calls abandoned upon entering the Springfield Contact Center's QUEUES 1 – 4⁴

B. Total # of Calls Answered = C + D.

C = Total # of Calls Answered upon entering the Springfield Contact Center's QUEUE 1 – 4

D = Total # of Calls Abandoned upon entering the Springfield Contact Center's QUEUE 1 – 4

4. Contact Center Network Busy Outs

a. Baseline Performance Target

Northern shall allow no more than 2 percent of all Network Calls reaching the Springfield Contact Center to incur a Busy Out.

b. Reporting Requirements

Northern shall gather data and report statistics for the percent of Network Calls entering the Company's network (i.e., Enhanced Call Routing switch) that either receive a Busy Out or are otherwise unable to be processed into the Integrated Voice Response system. Contact Center Network Busy Out data shall be compiled and aggregated Monthly. Reporting shall occur on an Annual basis. The reports shall be submitted in accordance with Section IV.A, below, with data rounded to the nearest whole percentage point.

c. Performance Formula

% of Contact Center Network Busy Outs = A / B

Where:

A = Total # of Network Busy Outs

B = Total # of Network Calls

A. The Total # of Network Busy Outs = Total # of Network Calls coming into the Springfield Contact Center's Enhanced Call Routing switch that experience either a fast busy signal or a

⁴ Queue 1 = Billing, Queue 2 = Service, Queue 3 = Credit MA, and Queue 4 = Credit ME/NH.

recording stating that all incoming circuits are busy and to call back later.

B. Total # of Network Calls = (A + C + D)

C = Total # of Network Calls Answered

D = Total # of Network Calls Abandoned

C. Total # of Network Calls Answered = all telephone calls coming into the Springfield Contact Center from the following 6 lines:

Massachusetts 800 #s:

5052 – Service

5454 – Billing

6160 – Credit

Maine and New Hampshire 800 #s:

8464 – Service

3043 – Billing

3044 – Credit

D. Total # of Network Calls Abandoned = # of Network Calls Abandoned Due To No Answer + # of Network Calls Abandoned By Originator + # of Network Calls Abandoned By Destination.

All Network Call data is provided by the Company's telephone vendor.

E. OVERALL SERVICE

1. Consumer Assistance Division Cases

a. Baseline Performance Target

Northern shall allow no more than 3 Consumer Assistance Division ("CAD") Cases per 1,000 customers per year.

b. Reporting Requirements

On a daily basis, the CAD shall report the number of CAD Cases received to the Company for review, comment and reconciliation. The CAD shall provide to Northern the number of CAD Cases on an Annual basis. Northern and the CAD may meet on a periodic basis as needed to discuss the Company's performance. Northern, in turn, shall submit as part of its Annual SQ Report in this docket the CAD Cases data in accordance with Section IV.A, below, with the complaint ratio rounded to the nearest one hundredth decimal place.

c. Performance Formula

CAD Cases Per 1,000 Customers = $A / (B / 1000)$

Where: A = Total # of CAD Cases
 B = Total # of Accounts

A. Total # of CAD Cases

A CAD Case is defined as a dispute between a Customer and the Company that CAD classifies as a complaint.⁵

B. Total # of Accounts = The annual number of residential and non-residential accounts as reported by the Company in its CAD Annual Report on Credit and Collection Activities.

2. Customer Satisfaction

Northern shall report the results of its Maine Customer Satisfaction Survey as specified in Section IV.C, below. Customer Satisfaction is not included as a measure in the Service Quality Plan, and therefore, no performance target or penalty is applied to Northern's performance in this area.

IV. REPORTING REQUIREMENTS AND PENALTY PAYMENT SCHEDULE

A. Northern shall provide its data to the Commission for the measures of Service Appointments Met On The Scheduled Day and Time, On-Cycle Meter Readings, Telephone Service Factor - Emergency Calls, Telephone Service Factor - Non-Emergency Calls, Abandoned Call Rate, Contact Center Network Busy Outs, Company Meter Reads Used, Long No Reads, and CAD Cases on or before March 31st of each Year, reporting for the prior Year's activity (i.e., Annual SQ Report). Based on this filing, Northern may be subject to penalty based on its Annual performance for these measures.

B. Northern shall provide its data to the Commission for the measure of Response to Class I and Class II Odor Calls on a Quarterly basis, no later than 45 days after each Quarterly reporting period, reporting for that Quarterly activity (i.e., Quarterly SQ Report). Based on this filing, Northern may be subject to a penalty, based on its Quarterly performance, but such penalty is to be paid on an Annual basis, calculated to the nearest percentage point.

C. Northern shall provide the results of its Maine year-to-date Customer Satisfaction Survey as of December 31 to the Commission on an Annual basis on or before March 31 of each Year.

⁵ See Appendix A for a copy of the CAD Decision Tree dated April 2, 2002, which lists the current criteria CAD uses to establish a CAD Case. For purposes of this Service Quality Performance Plan, the Parties agree to employ CAD's current criteria in effect at the time a CAD Case is opened.

V. PENALTY PAYMENT AS A SERVICE QUALITY PERFORMANCE OFFSET

Any Service Quality Penalty Offset ("Offset") derived from Northern's service quality performance shall be calculated and paid as either a one-time or periodic Offset to each Customer's overall bill as approved by the Commission. The Company shall propose as part of its annual report an Offset based on the penalty to be applied and the number of meters associated with active billed accounts in Northern's service territory at the end of the 12-month reporting period as set forth in this Service Quality Plan. The Company shall also propose a disbursement method and relevant customer communications language.

VI. TERM OF PLAN

Implementation of the Service Quality Plan will continue until such time as the Commission orders otherwise, and either Party reserves the right to propose changes to the Service Quality Plan beginning January 1, 2005.

VII. SUBMITTING SERVICE QUALITY PERFORMANCE REPORTS TO THE COMMISSION

Northern shall report all service quality performance data to the Commission by March 31 of each Year reflecting the data from the previous Year, except with regard to Response to Odor Calls, which shall be reported Quarterly. Northern shall submit its reported data in the following manner:

- A. an original to the Administrative Director, State of Maine Public Utilities Commission, 242 State Street, 18 State House Station, Augusta, Maine 04333-0018;
- B. one copy to the Office of Public Advocate, 112 State House Station, Augusta, ME 04333-0112;
- C. an electronic copy of the report to the Commission, by one of two means:
(1) by electronic filing through the Maine Public Utilities Commission e-file; or (2)
on a 3.5" floppy diskette, IBM-compatible format to the Administrative Director, Maine Public Utilities Commission, 242 State Street, 18 State House Station, Augusta, Maine 04333-0018.

Complaint Decision Tree

April 2, 2002

Note: This policy determines how customer calls will be classified and more specifically, when the CAD will accept a complaint from a customer. The policy applies to all customer calls received by the CAD hotline. Specialists should consult with their supervisor regarding calls that don't conform to one of the decisions listed below or for calls where the specialist believes that a decision listed below is incorrect. Calls will be logged as a complaint when insufficient evidence exists to make a determination pursuant to this decision tree. If subsequent investigation reveals that the complaint should be changed to an information contact, specialists should seek supervisor approval to make the change.

1. Does the Commission have jurisdiction over the complainant's issue?

- Yes. Go to question 2.
- No. Refer customer to appropriate agency for assistance or provide appropriate information. Log contact as *information count*.

2. Does the CAD have the authority to render a decision regarding the complainant's issue? *Guidance:* If the complainant's issue is specific to the complainant's service or bill, the CAD has the authority to render a decision. If the complainant's issue is with a utility practice that applies to all customers within that customer class or the schedule of rates for that customer class, and that practice or schedule of rates has been approved by the Commission, the CAD has no authority to issue a decision (this should not be confused with a customer complaining that he or she is being billed at the wrong rate. The CAD does have authority to issue a decision for this situation). Collect enough information to determine that the rate being charged or that the utility practice involved conforms with the schedule of rates or the terms and conditions approved by the Commission.

- Yes. Go to question 3.
- No. Refer complainant to appropriate Commission staff for assistance or provide information to customer regarding issue. Log contact as *information contact or information count*. *Guidance:* If customer is not expected to seek assistance again from the CAD regarding the same issue and you have not been instructed otherwise, log contact as an *information count*.

3. Has the complainant attempted to resolve the issue with the utility?

- Yes. Go to question 4.
- No. Refer customer to appropriate utility. Log contact as *information contact*.

4. Has the CAD previously issued a decision regarding the complainant's specific issue? *Guidance:* Be sure to ask enough questions to determine with reasonable certainty whether the complainant's issue is the same as that already decided by the CAD.

- Yes. Go to question 5.
- No. Take a *complaint*.

5. Has a condition that was a key factor in the original decision changed? Has complainant experienced a change in his or her financial circumstances or medical condition since the original complaint was issued? *Guidance:* Ask enough questions to determine with reasonable certainty whether a condition that was a key factor in the original decision changed. Also ensure that the utility has not changed the CAD's original decision. If the utility has changed the original decision, take a *complaint*.

- Yes. Take a *complaint*.
- No. Take *information contact*. For payment arrangement situations, inform customer that he or she needs to catch-up on the terms of the original payment arrangement.